Alaska Air Group

Facility and Use Proposal
King County International Airport

Table of Contents

Introduction

Alaska Air Group (AAG) – Alaska Airlines and Horizon Air – believe King County International Airport (KCIA) is currently being used appropriately as a general aviation and cargo-focused airport. Given its close proximity to Seattle Tacoma International Airport and lack of infrastructure to support large scale, scheduled jet passenger service, Alaska and Horizon believe it is inappropriate to change the character and use of KCIA.

Nevertheless, if King County elects to open KCIA for this type of use, AAG will seek access to the airport that is both reasonable and nondiscriminatory in order to provide a comparable number of flights to any other airline that chooses to use KCIA. In the ultra competitive airline industry, this move would be a necessity for us in order to maintain a level playing field. AAG has a deep, vested interest in the airline / airport landscape in the Puget Sound Area given the fact that there are several thousand employees of Alaska and Horizon in this region (including over 3,800 in King County alone) and hundreds of thousands of Alaska and Horizon customers in this area (including 500,000 active members of our frequent flyer program that reside here).

Because of this very real intent to serve KCIA should it be opened to large scale, scheduled jet passenger service, Alaska and Horizon believe strongly that any consideration of the concept must include a review of the full scope of what air carrier operations at the airport might look like. To that end, AAG is providing the information attached in this proposal to assist King County in evaluating the affects of such airline operations on existing KCIA tenets, nearby residential neighborhoods, users of adjacent surface roads and other important stakeholders.

Estimated Timeframe

AAG estimates construction of a terminal and other necessary infrastructure to support Alaska and Horizon's flight operations at KCIA would take approximately 18 months from the time all necessary government approvals have been received. Because the approval process would include considerable review by King County, the FAA and potentially other units of government, estimating a potential start date for construction is extremely difficult.

Planned Aircraft for use at KCIA

Alaska Airlines operates an all Boeing fleet of aircraft consisting primarily of 737 model airplanes. The company would anticipate operating a mix of these aircraft at KCIA including B737-400, B737-700, B737-800, and B737-900 models.

It should be noted that earlier this year, Alaska placed an order with Boeing for 35 firm deliveries of 737-800 aircraft and options for potentially 65 additional aircraft. This Boeing order means that up to 100 new, locally built 737s will be joining our fleet over the next several years.

Horizon Air operates an all Bombardier fleet of aircraft consisting of CRJ-700 regional jets and Q400 and Q200 turboprops. The company would anticipate operating a mix of these aircraft at KCIA in addition to the Alaska jets.

Additional information and specifications on AAG aircraft can be found in Appendix 2.

Flight Schedule Information

Given normal customer expectations and the destinations AAG would likely fly to from KCIA, daily operations would most likely occur between the hours of 6:00 a.m. and 10:00 p.m.

The combined number of daily flights Alaska and Horizon would consider initially operating from KCIA is 68. This number is based on expected passenger traffic in late 2009. AAG's ability to be operating at KCIA by that time is obviously contingent on a number of factors including the uncertainty of the government review process for changing the use of KCIA to allow for large scale, scheduled jet passenger service.

Peak operating times during a normal day would likely be between 7:00 a.m. and 8:00 a.m. and between 8:00 p.m. and 9:00 p.m.

Growth Projections

Based on conservative growth projections combined with the number of aircraft AAG have on order, it is very likely that Alaska and Horizon would eventually grow to 90 to 100 daily departures from KCIA.

Initial Passenger Enplanements

Alaska and Horizon project that our enplanements at the time operations commence at KCIA would be 4,553 passengers per day.

Noise Impacts

Alaska and Horizon strive to be "good neighbors" at each of the airports served by the carriers. We have a strong record of compliance with noise abatement procedures and our modern fleets operate with some of the most quiet aircraft technology available.

The reality, however, is that jet and turboprop airplanes generate noise. Should Alaska and Horizon operate from KCIA, we would intend to mitigate noise to the degree we are able. The most commonly suggested manner to do this is for aircraft to use the so-called Elliott Bay approach when conditions allow. However, it is important to note that it is Air Traffic Control (ATC) that ultimately decides the assignment of an approach and departure path at an airport, not the airlines nor their pilots. Additionally, the existence of Seattle Tacoma International Airport only a few miles away creates further questions regarding airspace use that would greatly impact the arrival and departure paths assigned by ATC for flights at KCIA.

Road and Highway Improvements

It is anticipated that airline operations of the size and scope being proposed for KCIA will result in the need for significant road and highway improvements. Such components of public infrastructure are the responsibility of various units of government. Accordingly, any necessary roadway and signage improvements facilitating access to KCIA would need to be provided by King County or the appropriate unit of government with jurisdiction. While this issue is directly tied to AAG's concern about duplicating public infrastructure at KCIA that already exists at Seattle Tacoma International Airport, it is ultimately a matter for the County to address.

Proposed Terminal Specifications

AAG proposes to construct a terminal of approximately 170,000 square feet consisting of 8 gates with passenger loading bridges and 5 ground parking positions for the Q400 / Q200 aircraft. Alaska and Horizon could comfortably operate 8 departures per day per gate. Additional features of this facility would include concessions space, airline office space, and a ticketing area that incorporates Alaska and Horizon's unique 2-Step ticketing process.

This proposed terminal size and set up would be able to accommodate AAG's proposed flight activity at KCIA both initially and with growth up to 100 daily departures. It should be noted also that the terminal design easily allows it to be scaled up or down for varying number of flights.

AAG also proposes to construct a parking garage with a skybridge to the terminal, a fuel dispensing facility and facilities that will accommodate our ground support equipment requirements.

Parking Structure

AAG proposes to construct a 5 story parking garage with approximately 400 parking stalls per level. The proposed parking garage will include a passenger skybridge to the terminal on level 2. Although off-site parking is a consideration, Alaska and Horizon have a large percentage of business travelers who particularly appreciate the convenience of on-site parking.

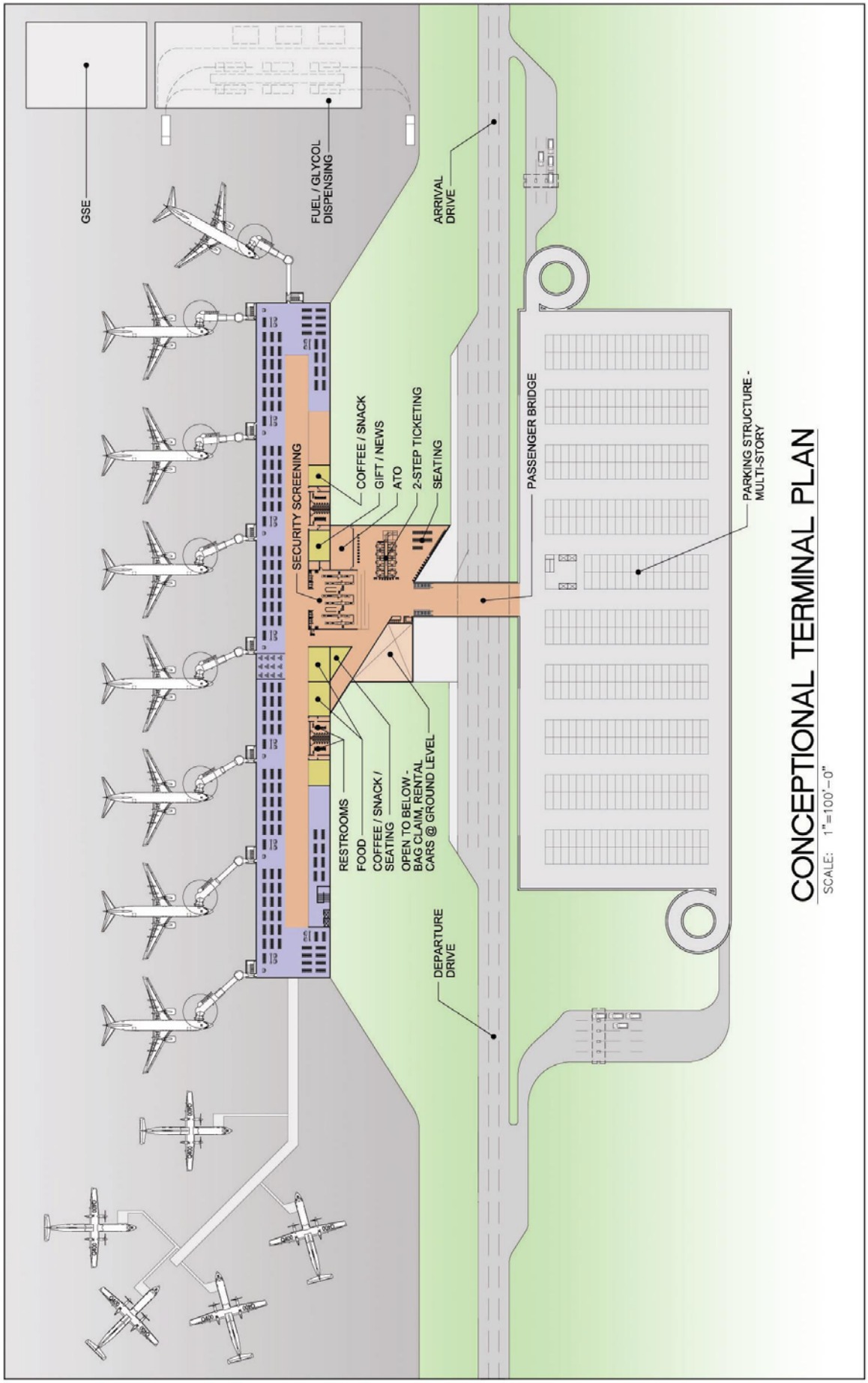
Fuel Storage Considerations

AAG believes that a dedicated pipeline from a fuel farm would be necessary to support the proposed operation. This facility would be approximately 24,000 square feet. Fuel storage facilities would be largely above ground and Alaska and Horizon would intend to self-fuel.

Summary

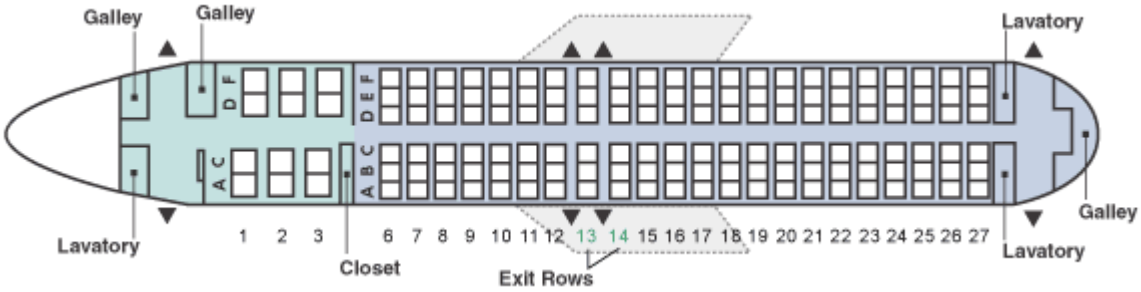
Alaska Airlines and Horizon Air have extensive terminal development experience. Alaska actually operates from several of its own terminals in the state of Alaska. These facilities are wholly owned by the company and were originally designed and built by the company. While the company remains strongly opposed to the character and use of KCIA being altered to allow large scale, scheduled jet passenger service, AAG is nonetheless willing and able to develop the necessary facilities and commence operations from the airport in order to have equal access to any other airlines that may seek to establish such service at KCIA.

Appendix 1 – Conceptional Terminal Plan



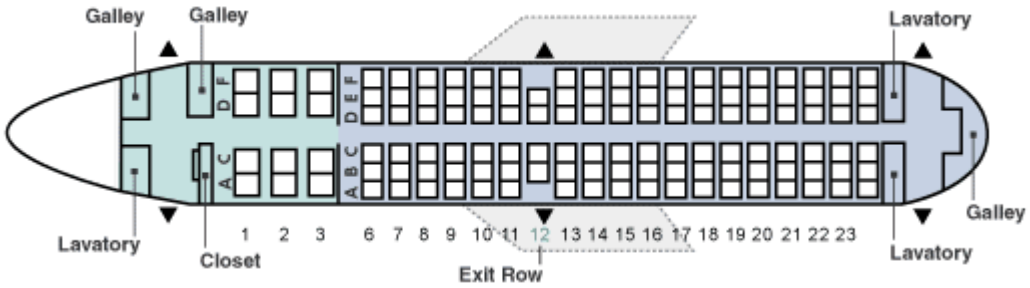
Alaska Airlines Boeing 737-400

Boeing 737-400 (734)	
Number in Fleet:	40
Passenger Capacity:	12 First / 132 Coach
Length:	119 ft, 7 in (36.4 m)
Wingspan:	94 ft, 9 in (28.9 m)
Range:	2,370 miles (3,815 km)
Typical Cruise Speed:	502 mph (808 km/h)
Max. Cruising Altitude:	37,000 ft. (11,300 m)



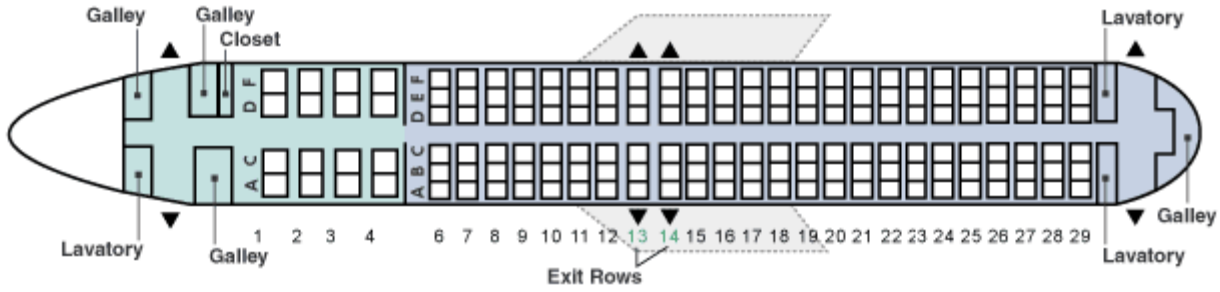
Alaska Airlines Boeing 737-700

Boeing 737-700 (73G)	
Number in Fleet:	22
Passenger Capacity:	12 First / 112 Coach
Length:	110 ft, 4 in (33.6 m)
Wingspan (including winglets):	117 ft, 5 in (35.8 m)
Range:	3,752 miles (6,038 km)
Typical Cruise Speed:	530 mph (853 km/h)
Max. Cruising Altitude:	41,000 ft. (12,497 m)



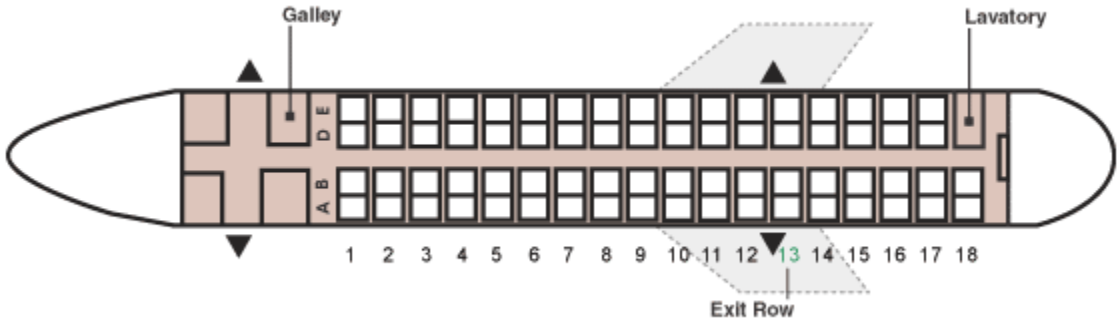
Alaska Airlines Boeing 737-800

Boeing 737-800 (738)	
Number in Fleet:	3
Passenger Capacity:	16 First / 144 Coach
Length:	129 ft, 6 in (39.5 m)
Wingspan (including winglets):	117 ft, 5 in (35.8 m)
Range:	3,383 miles (5,449 km)
Typical Cruise Speed:	530 mph (853 km/h)
Max. Cruising Altitude:	41,000 ft. (12,497 m)



Horizon Air Bombardier CRJ-700

Bombardier CRJ-700 (CR7)	
Number in Fleet:	19
Passenger Capacity:	70 Coach
Length:	106 ft, 8 in (32.6 m)
Wingspan:	76 ft, 3 in (23.3 m)
Range:	1,941 miles (3,124 km)
Typical Cruise Speed:	515 mph (829 km/h)
Max. Cruising Altitude:	41,000 ft. (12,497 m)



Horizon Air Bombardier Q400

Bombardier Q400 (DH4)	
Number in Fleet:	18
Passenger Capacity:	74 Coach
Length:	107 ft, 9 in (32.9 m)
Wingspan:	93 ft, 3 in (28.4 m)
Range:	1,610 miles (2,591 km)
Typical Cruise Speed:	414 mph (667 km/h)
Max. Cruising Altitude:	25,000 ft. (7,620 m)